

Dry Vote Will Decide Rates For New Taxes

House Committee Fixes Schedules to Raise Eight Billions for U. S.

Prohibition To Be Cause of Increase

Bill Prepared for Action With Income Revenue Left at Old Figures

WASHINGTON, Aug. 17.—The new revenue bill, upon which the House Ways and Means Committee has been working since Congress recessed early in July, will raise a total of \$8,000,000,000 for the expenses of the government in the present fiscal year, Chairman Kitchin of the committee announced to-day, when the committee adjourned its sessions until Monday. It is probable, Chairman Kitchin said, that the bill will be introduced next week and be taken up by the House for consideration a week from Monday. The announcement that the revenue to be obtained under the bill will reach the goal set by the Treasury Department was made by Mr. Kitchin after he had consulted the committee's accountant. Changes in the schedules not as yet definitely fixed may lower the total, it was said, and in that event the committee may have to resort to a customs tax and a floor tax on tea, coffee and similar products.

Watch "Dry" Bill

Changing conditions also may affect the amount of revenue to be obtained. The committee is watching the outcome of the effort to pass a national wartime prohibition measure, which the Senate is to take up on August 24. If a prohibition measure is enacted revenues to be obtained under the bill will be decreased considerably.

The new tax on liquors may not be announced until the bill is reported to the House, but it is understood to provide a substantial increase on whiskey and other liquors and soft drinks, a total revenue of \$1,000,000,000 or more. The liquor tax rates are being withheld from publication to guard against withdrawals of whiskey from bond.

The committee to-day finally approved the tobacco schedule, unchanged from rates heretofore announced.

Small Motor Boats Exempted

In the 10 per cent tax of articles deemed luxuries above a certain price it made the tax apply to women's waists in excess of \$15 instead of \$10, as previously agreed to, and to women's hats at \$15 instead of \$25. Motor boats and canoes were added to the 10 per cent tax on yachts and pleasure boats. Motor boats and canoes costing \$20 or less were exempted, the exemption being to protect home-built craft.

Considerable interest has been manifested in the normal tax on personal incomes, and the committee announced the text of the schedule, as follows:

"Normal Taxes, Section 210.—That there shall be levied, collected and paid for each net income of every individual a normal tax, as follows:

"(A) In the case of a citizen or resident of the United States, 10 per cent of the amount of the net income in excess of the credits provided in Section 216, provided that upon the first \$4,000 of this amount the rate shall be 5 per cent.

"(B) In the case of a non-resident alien, 10 per cent of the amount of the net income in excess of the credits provided in Section 216."

Section 216, as agreed to, reads: "Credits Allowed.—For purposes of normal tax only there shall be allowed the following credits:

"(A) The amount received as dividends from a corporation which is taxable under the corporation income tax upon its net income.

"(B) Amount received as interest upon obligations of the United States, any state, territory, or political subdivision, or the District of Columbia.

"(C) In the case of a single person a personal exemption of \$1,000, or in the case of the head of a family or a married person, living with husband or wife, a personal exemption of \$2,000. A husband and wife living together shall receive but one personal exemption of \$2,000 against their aggregate net income, and in case they make separate returns the personal exemption of \$2,000 may be taxed by either or divided between them.

"(D) Two hundred dollars for each person (other than husband and wife) depending upon and receiving his chief support from the taxpayer, if such dependent person is under eighteen years of age or is incapable of self-support because mentally or physically defective."

To Redraft Clause

The committee has agreed by a very close vote to a differential of 3 per cent against unearned incomes, and has sent back to the Treasury the latter's draft for this purpose for redrafting, with the probability it may be dropped on reconsideration. If the differential stays in the bill, the present 5 per cent normal tax on incomes under \$4,000 annually might be made 6 per cent on unearned incomes and 4 per cent on earned incomes, and the normal tax of 10 per cent on incomes from \$4,000 upward might be made 13 per cent on unearned and 9 per cent on the present 10 per cent on earned incomes, a committee member to-day explained.

Chairman Kitchin explained that the committee had referred its decision in favor of an excess profits tax of 40 to 60 per cent, after the \$3,000 exemption

and 8 per cent deduction to the Treasury for its approval. He said the committee also had communicated to the Treasury its action in dividing business into three classes for pre-war earnings deduction.

The committee has adopted a provision that in no event will the excess profits tax of corporations having less than \$50,000 capitalization exceed 40 per cent of its net income. An effort will be made next week to apply the same provision to the war profits.

Still at Odds on Three Phases of War Profits Tax

By Theodore M. Knappen

WASHINGTON, Aug. 17.—The Treasury Department and the Ways and Means Committee are still at odds on the three phases of the corporation and come tax provisions of the revenue bill, as follows:

First—As to the rates to be used in the excess profits section.

Second—As to the latitude of discretion to be delegated to the department in the administration of the law.

Third—As to the grouping of industries with respect to the determination of the percentage of profits to be deducted as representing the war profits in the application of the 80 per cent war profits tax.

The Ways and Means Committee has made to the Treasury a proposition regarding the first and third points which, if accepted by the latter, will probably end the controversy and result in a draft that both will support.

As to the second point, the Treasury will probably accept whatever the Ways and Means Committee is willing to grant.

On the first subject at issue the Ways and Means Committee feels that having granted the Treasury a war profits tax alternative, as requested, the latter should concede stiff rates in the excess profits paragraph. The Ways and Means Committee's suggestion to the Treasury is that with a deduction of 8 per cent in addition to a specific deduction of \$3,000, the rates of taxation shall be 40 per cent on profits between the amount of the deduction and 20 per cent on the invested capital, and 60 per cent on all profits exceeding 20 per cent.

Much More Burdensome

These rates are much more burdensome than those of the tentative draft on this subject. The latter permits a deduction from profits before applying the tax of an amount equal to 10 per cent of the invested capital. Between the deduction and 20 per cent, the rate of taxation is 30 per cent; between 20 and 25 per cent, profits are taxed 50 per cent, and over 25 per cent they pay 80 per cent. The 80 per cent of the tentative draft sounds large, but hardly any corporations would fall within its provisions, whereas the limits within which most of them would come are increased from 30 to 40 per cent, and from 50 to 60 per cent is the compromise plan.

In place of the Treasury scheme of grouping all corporations for purposes of war profits tax into eight classes, with an optional pre-war profit percentage determined for each, the compromise offers names only three classifications and the optional pre-war percentage deduction is fixed and not left to administrative discretion within a minimum of 8 per cent and a maximum of 12 per cent of the invested capital. These three classes with the fixed optional deductions for each are:

Financial and transportation corporations, 8 per cent.

Manufacturing, farming and general business, 10 per cent.

Mining and kindred hazardous businesses, 12 per cent.

Any corporation making a return under the proposed compromise will be permitted to deduct its actual pre-war profits or the percentage named for the class within which it falls, as it pleases. The original Treasury plan was to have Congress give it authority to name these optional percentage deductions for each of the eight classifications of business that it contemplated, with the provision that in no class might they be less than eight or more than 12 per cent. This would have made a far more elastic and adaptable law than the one the committee now favors.

Kitchin Tells Views

Mr. Kitchin indicated to-day that if the Treasury Department did not decide by Monday to accept the committee's compromise, the classification scheme would likely be dropped altogether.

After pointing out that the committee is now standing for a heavier excess profits taxation than it had determined on before it decided to adopt the 80 per cent war profits alternative plan, as well as being still heavier than in the existing law, Mr. Kitchin made it plain that the committee had not yet settled the excess profits or even the details of the war profits provisions, but had merely offered the committee would adopt if the Treasury should accept it.

"As a pure excess profits measure," said Mr. Kitchin, "the now proposed excess profits rates would raise \$300,000,000 more than with the war profits alternative, and \$800,000,000 more as compared with the existing law. Nineteen-tenths of the corporations will fall under the war profits alternative. Properly enforced, the plan now offered will raise at least \$3,000,000,000, and possibly \$3,400,000,000, thus taking us up to or past the total \$3,000,000,000 revenue goal."

Mr. Kitchin has thus put up to the Treasury a compromise plan that does not accord well with the principles of taxation laid down by Mr. McAdoo. For it promises to exact \$300,000,000 additional revenue from a source from which Mr. McAdoo, as an abstract proposition, would take nothing, and practically would take only a comparatively small amount.

Particulars Filed In Erlanger Suit

A bill of particulars, filed in the Supreme Court yesterday by Miss Zeta P. Judd, a trained nurse, living at 540 Manhattan Avenue, threw considerable light on the cause of action which resulted in a suit she brought recently to recover \$10,000 for services from Abraham L. Erlanger, theatrical manager.

According to the bill of particulars, Miss Judd was called to Mr. Erlanger's home, 232 West End Avenue, in March, 1915. She found Miss Francis, an actress, seriously ill there. The actress was said to have been suffering from an overdose of acetanilid and from gas poisoning.

Miss Judd says she cared for the actress until the latter was able to leave Mr. Erlanger's home. Then, she says, she accompanied Miss Francis and her mother to Atlantic City and later to California. The expenses for both trips were paid, she swears, by Mr. Erlanger.

Mr. Erlanger denied last night that Miss Judd's suit had any connection with Miss Francis. The latter, he said, was merely an actress in a play produced by him some years ago.

War Profiteers' Earnings as High As 3,000 Per Cent

Meat and Flour Industries Lead All in U. S. Income Tax Reports

WASHINGTON, Aug. 17.—War profiteers in 1917 were most numerous in businesses devoted to food production and distribution, cotton and woolen manufacturing and dealing, in coal mining, iron, copper, aluminum and other metal production and oil production and distribution, according to a

Treasury analysis of income tax returns. In addition, thousands of small concerns in a great variety of industrial and commercial classifications made profits ranging from 100 to 8,000 per cent above their normal profits for pre-war years, which even then were considered high.

Detailed information on the extent of war profiteering has been given Congress recently. The Treasury has made it clear that not all individual businesses in these groups have gathered swollen earnings. This is true particularly of coal operators, some of whom made enormous profits, often several hundred per cent higher than the good earnings of former years, while others made barely enough to pay justified dividends.

Big Clothing Profits

With few exceptions manufacturers of clothing and shoes reported big profits. This was true of most concerns holding government contracts,

many of which were awarded early in the war, when the government felt compelled to stimulate production of the vast quantities of supplies needed by the army. Scores of income reports from suit, shirt, underclothing and shoe manufacturers showed earnings of from 30 to 100 per cent on invested capital.

Lumber production, stimulated by the sudden enormous demand for cantonments and other government operations, netted forest and sawmill owners, as well as distributors, profits several times above those of normal years.

Oil producers made enormous profits. Despite high cost of labor and other factors entering into mining the Treasury analysis shows that very few iron, copper or aluminum mines failed to make tremendous profits, under the government policy of stimulating production. Producers of silver, gold, platinum and other precious metals profited to a lesser extent.

Packers and Millers Lead

Automobile and motor truck manufacturing was highly profitable, although income returns show that earnings of different plants were far from

uniform, some making as high as 60 per cent on investments and others less than 10 per cent.

Meat packers, flour millers and canners apparently stood at the top of the list of food profit takers, according to income returns. Farmers also made money heavily last year, but not enough of their returns have been analyzed to justify a general statement of their profits, officials say.

Profiteering was by no means confined to big business interests. Small scale producers in thousands of cases reported profits equal to the aggregate of from five to ten years' earnings before the United States entered the war.

The reports now are being prepared for examination by the Senate Finance Committee in connection with its consideration of the new revenue bill. Names of individual companies are not reported.

Manufacture of Motorcycles Not To Be Curtailed by War

WASHINGTON, Aug. 17.—Manufacture of bicycles and motorcycles will not be materially curtailed, it was an-

nounced to-day by the War Industries Board, because they are used chiefly as necessary vehicles of transportation. Manufacturers have been called upon, however, to effect all possible economies in rubber and steel in their production. The output of motorcycles is now almost entirely absorbed by direct government purchases.

Cotton Gins Forced to Curtail All Repairs

WASHINGTON, Aug. 17.—The War Industries Board has declined to grant priority to the manufacturers of cotton gins for iron, steel and fuel for the manufacture of new gins, and has reached an agreement with the manufacturers to substantially curtail their normal production of gins for the year ending June 30, 1918.

The necessity for producing new equipment and repair parts was recognized, but the conclusion was reached that, through strong appeals to cotton ginsmen, existing plants and equipment can, through repairs, be made to last until after the war, where in normal times they would be replaced.

Farmers Assail New Grain Freight Rates

File Complaint With Commerce Commission; Ask Return to Former Schedule

WASHINGTON, Aug. 17.—Increased freight rates on corn, oats, rye and barley, granted by Director General McAdoo in his 25 per cent advance order of June 25 last, were attacked to-day by the National Council of Farmers' Cooperative Associations, in a complaint filed to-day with the Interstate Commerce Commission asking that the old rates be re-established.

Director General McAdoo and all named defendants in the complaint, which asserts that the 25 per cent increase order resulted in an advance of coarse grain of 35 to 50 per cent. The increased rates are declared to be discriminatory.

B. Altman & Co.

Thirty-fourth Street

MADISON AVENUE-FIFTH AVENUE, NEW YORK

Telephone 7000 Murray Hill

Thirty-fifth Street

A Special Sale of
White Silk Gloves
(short length)
at the phenomenally low price of
60c. per pair

will be a Monday feature of unusual interest on the First Floor.

A Limited Number of
White Net Dresses
(all that remain of a very special assortment) will be placed on sale to-morrow at the unexampled reduction price of

\$6.90 each

Women's Cotton Dresses, Third Floor
(Madison Avenue section)

Imported Lingerie
(French and Philippine; all hand-embroidered) will be placed on sale to-morrow at money-saving prices.

Nightrobes, \$2.25, 3.25 to 4.50
Chemises, 1.75, 1.95 to 3.50
Envelopes, 2.25, 2.95, 3.50
Petticoats, 3.25, 4.25

(Second Floor)

The Upholstery Dep't
has ready an exceptionally large selection of Reversible Velour Portieres of splendid qualities, embracing a wide range of artistic color combinations and especially featuring those demanded by the arbiters of taste in interior decoration.

Reversible Velour Portieres
custom-made, of excellent material and workmanship, eight feet in length, completed,
at \$32.00 per pair
are a specialty in regular stock.

THE AUGUST SALES OF
ORIENTAL RUGS
and
LACE DRAPERIES
now being held

present an extraordinary opportunity for buying fine-grade merchandise (of a type that is not readily obtained at this time) at subnormal prices.

Following are Special Quotations for the current week:

ORIENTAL RUGS

(Fifth Floor)

SMALL SIZE ORIENTAL RUGS

\$22.50 to \$45.00

MEDIUM-SIZE ORIENTAL RUGS

\$58.00 to \$90.00

ROOM-SIZE ORIENTAL RUGS

\$135.00, \$190.00 to \$785.00

Oriental Rugs in unusual and extra large sizes at correspondingly low prices.

IMPORTED LACE DRAPERIES

(Fourth Floor)

HAND-MADE FILET LACE CURTAINS

per pair \$19.00, 24.00, 29.00, 33.00 and upward

HAND-MADE FILET LACE WINDOW PANELS

each \$7.50, 8.50, 9.00, 10.75 and upward

HAND-MADE FILET LACE BEDSPREADS

each \$17.00, 19.00, 24.00, 29.00 and upward

A Special-price Sale of
Celluloid Toiletware
(ivory finish)
will take place to-morrow (Monday)
on the First Floor.

The exceptionally low figures quoted on these articles include monogram engraved to order on each piece

Mirrors	22.75
Hair Brushes	2.50
Combs	65c.
Shoe Horns and Button Hooks each	50c.
Cloth Brushes	\$2.50
Powder Boxes and Hair Receivers each	\$1.25
Nail Buffers	1.10
Nail Files	50c.

Authentic Autumn Fashions

featuring Madame la Mode's latest eccentricities, are here ready for those who desire to be prepared for the first cool days. Chief in point of interest are

Tailored Suits

that are le dernier cri in style
Street, Afternoon and Dinner Dresses
in every fashionable material

Coats and Wraps

of beauty and distinction

Blouses

simple and elaborate, for every possible occasion

Furs and Fur Garments representing the acme of elegance

(It is advisable that orders for Furs made to individual requirements be placed without delay)

THE WAR INDUSTRIES BOARD, Washington, D. C.
request the Retail Merchants of New York to limit to three days the time a customer may retain merchandise in possession in order to enjoy the return privilege.